

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EA-09 CIAE-00 DODE-00 PM-04 H-02 INR-07  
L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15  
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R 131138Z JAN 77  
FM AMEMBASSY NEW DELHI  
TO SECSTATE WASHDC 563

UNCLAS NEW DELHI 0613

E.O. 11652: N/A  
TAGS: EGIN IN VN  
SUBJECT: G.K. REDDY ON CLOSER ECONOMIC RELATIONS WITH VIETNAM

FOLLOWING SENT ACTION NEW DELHI FROM MADRAS JAN 11  
IS REPEATED

QUOTE

MADRAS 0073

E.O. 11652: N/A  
TAGS: ECIN, IN, VN  
SUBJECT: G.K. REDDY ON CLOSER ECONOMIC RELATIONS WITH VIETNAM

FOLLOWING IS FULL TEXT OF G.K.REDDY ARTICLE TITLED: "MOVE  
FOR CLOSER ECONOMIC RELATIONS WITH VIETNAM" APPEARING IN  
JANUARY 11 HINDU.

QUOTE.

THE DEPUTY FOREIGN MINISTER OF VIETNAM,MR. PHAN HEIN, IS COMING  
TO DELHI EARLY NEXT MONTH TO PREPARE THE GROUND FOR AN OFFICIAL  
VISIT TO INDIA IN APRIL OR MAY BY HIS COUNTRY'S PRIME MINISTERGN  
MR. PHAM VAN DONG, ONE OF THE KEY FIGURES OF THE VIETNAMESE  
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LIBERATION STRUGGLE.

AFTER MR. PHAN HIEN'S TALKS IN DELHI, AN ECONOMIC DELEGATION  
FROM VIETNAM WILL BE VISITING INDIA IN MARCH TO EXPLORE THE  
POSSIBILITIES OF INDIAN PARTICIPATION IN THE RECONSTRUCTION OF  
THIS HEROIC NATION.

MEANWHILE, THE PRESIDENT OF LAOS, THE FORMER PRINCE SOUPHANOUVONG, WHO HAD SPEARHEADED THE PATHET LAO MOVEMENT, IS PAYING AN EIGHT-DAY STATE VISIT TO INDIA FROM JANUARY 12 ACCOMPANIED BY A HIGH-POWER DELEGATION. AFTER AN OVERNIGHT STOPOVER IN CALCUTTA, HE WILL BE ARRIVING IN DELHI ON THURSDAY. HE WILL VISIT BHOPAL, BANGALORE, MADRAS AND CALCUTTA, BESIDES AJANTA AND ELLORA, TO GET A FEW GLIMPSES OF INDIA'S ECONOMIC PROGRESS AND CULTURAL HERITAGE.

THE INDUSTRIAL ESTABLISHMENTS THAT THE LAOTIAN PRESIDENT IS SCHEDULED TO VISIT INCLUDE BHARAT HEAVY ELECTRICALS, HINDUSTAN AERONAUTICS, INDIAN TELEPHONE INDUSTRIES, HINDUSTAN MACHINE TOOLS, THE INTEGRAL COACH FACTORY AND THE BOKARO STEEL PLANT. THE SENIOR MEMBERS OF HIS ENTOURAGE WILL BE VISITING SOME SMALL-SCALE INDUSTRIES AND AGRICULTURAL UNITS TO GET AN IDEA OF THE KIND OF ASSISTANCE THEY CAN OBTAIN FROM INDIA FOR PROMOTING THEIR COUNTRY'S ECONOMIC DEVELOPMENT.

THE VIETNAMESE ECONOMIC DELEGATION WAS TO HAVE COME LATER THIS MONTH AFTER THE LAOTIAN PRESIDENT'S VISIT. BUT ITS ARRIVAL WAS SUBSEQUENTLY PUT OFF TILL MARCH IN VIEW OF MR. PHAN HIEN'S TRIP NEXT MONTH TO PREPARE, FOR MR. PHAM VAN DONR'S VISIT, SO THE IMPENDING INDO-VIETNAMESE ECONOMIC DISCUSSIONS HAVE ASSUMED ADDED IMPORTANCE SINCE THESE EXCHANGES WILL FORM PART OF THE PREPARATORY WORK BEING DONE FOR THE VIETNAMESE PRIME MINISTER'S VISIT.

THE CONFERENCE OF THE INDIAN ENVOYS IN SOUTH EAST AND EAST ASIA WHICH IS DUE TO BE HELD IN MID-APRIL WILL ENABLE THE

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INDIAN POLICYMAKERS TO REVIEW THE COUNTRY'S POLITICAL AND ECONOMIC LINKS WITH VIETNAM AGAINST THE BACKGROUND OF ITS RELATIONS WITH CHINA AND OTHER COUNTRIES IN THE REGION. AN INTERESTING FEATURE OF THIS CONFERENCE WILL BE THE PRESENCE OF THE INDIAN AMBASSADOR IN PEKING, MR. K.R. NARAYANAN, WHO WILL BE ABLE TO INTERPRET CORRECTLY THE EVENTS IN CHINA IN TERMS OF ITS FOREIGN POLICY POSTURES.

A COMPLICATING FACTOR THAT HAS TO BE OVERCOME BEFORE INDIA CAN ESTABLISH CLOSER ECONOMIC RELATIONS WITH VIETNAM IS THE PLATTENBERG PROVISION THAT PROHIBITS ANY COUNTRY RECEIVING U.S. FOODGRAIN ON CONCESSIONAL TERMS FROM TRADING WITH WHAT ARE BRANDED AS BELLIGERENT NATIONS. THE U.S. IS AUTOMATICALLY FORBIDDEN UNDER THIS ARCHAIC LAW ENACTED DURING THE COLD WAR FROM SELLING FOODGRAINS IF THE RECIPIENT COUNTRY IGNORES THIS STIPULATION AND TRADES WITH A NATION LIKE VIETNAM THAT IS STILL CONSIDERED TO BE A HOSTILE STATE.

THOUGH IT DID NOT INVOKE THIS PENAL PROVISION, THE FORD

ADMINISTRATION RAISED ITS EYE-BROWS WHEN INDIA SENT SOME VEGETABLE SEEDS LAST YEAR TO VIETNAM. IT WOULD HAVE CERTAINLY KICKED UP A ROW IF INDIA HAD OFFERED TO ACTIVELY PARTICIPATE IN VIETNAM'S RECONSTRUCTION WITH TRADE AND TECHNICAL ASSISTANCE. HOWEVER, THE CARTER TEAM IS HOLDING OUT THE PROSPECT OF A MORE REALISTIC ATTITUDE AND THE AMBASSADOR-DESIGNATE TO THE U.N., MR. ANDREW YOUNG, HAS ALREADY SPOKEN OF AN EARLY WAIVER OF THE U.S. VETO ON VIETNAM'S ADMISSION TO THE WORLD ORGANISATION.

IF THE EXPECTED CHANGE IN U.S. POLICY TOWARDS VIETNAM COINCIDES WITH THE MOVES UNDER WAY FOR CLOSER INDO-VIETNAMESE RELATIONS, IT WOULD HELP TO SIMPLIFY MATTERS WITHOUT COMPELLING INDIA TO MAKE ANY HARSH CHOICES. THE INDIAN POLICY IS NOT TO SEEK BETTER RELATIONS WITH CHINA OR VIETNAM AT THE COST OF ITS EXISTING RELATIONSHIPS WITH THE SOVIET UNION OR THE UNITED STATES. AND IF IT IS PLACED IN THE DIFFICULT POSITION OF

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HAVING TO EXERCISE THE AVAILABLE OPTIONS IN THE PURSUIT OF ITS NATIONAL INTERESTS, INDIA WILL HAVE TO REGRETFULLY FOREGO THE PL-480 ASSISTANCE TO ASSERT ITS SOVEREIGN RIGHT TO TRADE WITH A FRIENDLY ASIAN COUNTRY LIKE VIETNAM.

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009